

Financial Statements

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Years Ended June 30, 2008 and 2007

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors
Cocke County Emergency Communications District
Newport, Tennessee

We have audited the accompanying statements of net assets of Cocke County Emergency Communications District, a component unit of Cocke County, Tennessee, as of June 30, 2008 and 2007, and the related statements of revenue, expenses and change in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Cocke County Emergency Communications District as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the basic financial statements and we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2009 on our consideration of Cocke County Emergency Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and other matters and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mitchell Emert & Hill

February 18, 2009

**COCKE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT (E-911)
145 Mineral Street
Newport, Tennessee 37821**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Cocke County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal years ended June 30, 2008 and 2007. Please read it in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management's discussion and analysis report, the independent auditors report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information of the District using accounting methods similar to those used by private companies. These statements offer both short-term and long-term financial information about its activities. The Statement of Net Assets includes all of the District's assets and liabilities and provides information about where the District has invested its resources (assets) and the obligations to the District's credit (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Change in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through surcharges and fees.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balances during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Change in Net Assets report information about the District's activities in a way that will help answer this question. The two statements report the difference between assets and liabilities as one way to measure financial health or financial position.

Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. A summary of the District's net assets and changes in them is presented below:

SUMMARIZED FINANCIAL INFORMATION

	<u>2008</u>	<u>2007</u>
NET ASSETS		
Current assets	\$ 898,090	\$ 664,714
Capital assets	<u>404,799</u>	<u>443,524</u>
Total assets	<u>\$ 1,302,889</u>	<u>\$ 1,108,238</u>
Liabilities	\$ 1,761	\$ 654
Net assets:		
Invested in capital assets	404,799	443,524
Unrestricted	<u>896,329</u>	<u>664,061</u>
	<u>1,301,127</u>	<u>1,107,585</u>
Total liabilities and net assets	<u>\$ 1,302,889</u>	<u>\$ 1,108,238</u>

CHANGE IN NET ASSETS

Operating revenue	\$ 442,818	\$ 435,856
Operating expenses	<u>330,314</u>	<u>296,071</u>
Operating income	112,504	139,785
Non-operating revenue	81,038	46,468
Capital contributions	<u>0</u>	<u>103,003</u>
Change in net assets	193,542	289,257
Beginning net assets	<u>1,107,585</u>	<u>818,329</u>
Ending net assets	<u>\$ 1,301,127</u>	<u>\$ 1,107,585</u>

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As shown by the summarized financial information, the District's net assets have increased by \$193,542 during the year ended June 30, 2008 (\$289,257 during the year ended June 30, 2007). Operating revenue increased at a rate of 2% in 2008 (30% in 2007) while expenses increased at a rate of 2% in 2008 (15% in 2007).

THE DISTRICT'S NET ASSETS

The District completed the year with net assets of \$1,301,127 in 2008 (\$1,107,585 in 2007) which is \$193,542 more than the prior year's ending net assets (\$289,257 more for 2007).

BUDGETARY HIGHLIGHTS

The District adopts an annual opening budget, which includes proposed expenses and the means for paying these expenses. As conditions change during the year, the budget may be amended to prevent budget overruns.

Income from residential phone lines decreased from revenue for the prior year and was \$6,936 more than budgeted income for 2008 (\$19,043 less than budgeted income for 2007). State shared wireless income and income from private carriers due to cell phone use increased from revenue for the prior year and was less than budgeted income by \$23,198 in 2008 (\$153,979 less than budgeted income in 2007). Shared wireless charges are relatively new fees which are difficult to estimate.

Total expenditures in most budget categories remained in line with a few exceptions.

CAPITAL ASSETS

The District's investment in capital assets amounts to \$669,196 (\$654,539 in 2007) with accumulated depreciation of \$264,397 (\$211,015 in 2007). Capital assets include the leasehold improvements, communications equipment, a vehicle, as well as office furniture and office equipment.

ECONOMIC FACTORS AND FUTURE NEEDS

The main economic factor facing the Cocke County Emergency Communications District is the potential decrease in revenue generated from landline telephones. Many residents now use cell phones for the residential lines. While the increase in cell phone use is generating revenue, only a portion of that revenue is being returned to each 911 district under the current system being used by the state for distributing shared wireless fees. The uncertainty of landline use and income from shared wireless fees has become a problem in estimating revenue for budget preparation. However, recent reports from telephone companies indicate that monthly losses of landline revenue may be stabilizing and may remain at a more manageable level in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens with a general view of the District's finances and to show the District's accountability for the money it receives. If you have any question or need additional information, contact Kathy Cody, Director at the address on the letterhead.

Kathy L. Cody, Director

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF NET ASSETS

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 858,066	\$ 632,643
Accounts receivable	39,806	31,852
Prepaid expenses	<u>219</u>	<u>219</u>
TOTAL CURRENT ASSETS	898,090	664,714
 CAPITAL ASSETS		
Communications equipment	537,535	537,535
Office equipment	50,818	44,391
Vehicles	21,970	21,970
Leasehold improvements	<u>58,873</u>	<u>50,643</u>
	669,196	654,539
Accumulated depreciation	<u>(264,397)</u>	<u>(211,015)</u>
	<u>404,799</u>	<u>443,524</u>
 TOTAL ASSETS	 <u>\$ 1,302,889</u>	 <u>\$ 1,108,238</u>

See the accompanying notes to the financial statements.

	<u>2008</u>	<u>2007</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,761	\$ 654
NET ASSETS		
Invested in capital assets	404,799	443,524
Unrestricted	<u>896,329</u>	<u>664,061</u>
	<u>1,301,127</u>	<u>1,107,585</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,302,889</u></u>	 <u><u>\$ 1,108,238</u></u>

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
REVENUE		
Emergency telephone service charges	\$ 261,936	\$ 259,537
TECB-shared wireless charge	76,802	72,238
TECB-operational funding program	<u>104,081</u>	<u>104,081</u>
TOTAL OPERATING REVENUE	442,818	435,856
EXPENSES		
Salaries and wages:		
Director	34,037	33,046
Administrative personnel	24,721	24,012
Overtime	7,872	7,254
Part-time personnel	59,138	42,016
Training	<u>7,297</u>	<u>8,262</u>
	133,065	114,590
Employee benefits:		
Social security	8,249	7,105
Medicare	1,929	1,662
Medical insurance	23,881	19,492
Dental insurance	2,227	0
Unemployment tax	<u>1,109</u>	<u>1,232</u>
	37,395	29,490
Contracted services:		
Addressing/mapping	773	129
Advertising	157	139
Audit services	3,250	3,000
Contracts with private agencies	1,890	2,850
Maintenance agreements	5,982	10,604
Janitorial	2,550	2,550
Pest control	705	670
NCIC/TBI/TIES	<u>6,920</u>	<u>5,190</u>
	22,228	25,132

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

(continued)

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Lease/Rental:		
Office equipment	1,104	584
Maintenance and repairs:		
Communications equipment	6,251	5,031
Buildings and facilities	1,965	5,174
Office equipment	0	205
Vehicles	<u>657</u>	<u>769</u>
	8,873	11,179
Supplies and materials:		
Office supplies	2,655	1,570
Custodial supplies	1,084	631
Data processing supplies	3,555	1,653
Postage	258	343
Small equipment purchases	1,794	2,001
Other	<u>2,562</u>	<u>616</u>
	11,908	6,813
Utilities:		
Electric	5,680	5,447
Gas	598	731
Water	257	326
General telephone	35,133	35,609
Cell phones and pagers	<u>585</u>	<u>466</u>
	42,252	42,578
Other charges:		
Board meeting expense	135	132
Dues and memberships	538	355
Insurance	9,094	8,464

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

(continued)

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Other charges(continued):		
Public education	2,972	3,774
Training	2,807	2,259
Travel	<u>4,561</u>	<u>5,495</u>
	20,107	20,478
Depreciation	<u>53,382</u>	<u>45,226</u>
TOTAL OPERATING EXPENSES	<u>330,314</u>	<u>296,071</u>
INCOME FROM OPERATIONS	112,504	139,785
NON-OPERATING REVENUE		
Contributions from other governments	49,707	0
TECB-grants and reimbursements	14,877	30,000
Interest income	<u>16,454</u>	<u>16,468</u>
	<u>81,038</u>	<u>46,468</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	193,542	186,253
CAPITAL CONTRIBUTIONS	<u>0</u>	<u>103,003</u>
CHANGE IN NET ASSETS	193,542	289,256
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>1,107,585</u>	<u>818,329</u>
NET ASSETS AT THE END OF THE YEAR	<u><u>\$ 1,301,127</u></u>	<u><u>\$ 1,107,585</u></u>

See the accompanying notes to the financial statements.

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from telephone charges	\$ 434,864	\$ 434,145
Cash paid to employees	(133,065)	(114,590)
Cash paid to suppliers	<u>(142,759)</u>	<u>(136,500)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	159,040	183,054
CASH PROVIDED BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from other governments	49,707	0
TECB-grants and reimbursements	<u>14,877</u>	<u>30,000</u>
NET CASH PROVIDED BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES	64,584	30,000
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	0	103,003
Purchase of equipment	<u>(14,657)</u>	<u>(131,405)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(14,657)	(28,402)
CASH PROVIDED BY INVESTING ACTIVITIES		
Interest received	<u>16,454</u>	<u>16,468</u>
NET INCREASE IN CASH	225,421	201,120
CASH AT THE BEGINNING OF THE YEAR	<u>632,643</u>	<u>431,523</u>
CASH AT THE END OF THE YEAR	<u><u>\$ 858,066</u></u>	<u><u>\$ 632,643</u></u>

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF CASH FLOWS

(continued)

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from operations	\$ 112,504	\$ 139,785
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	53,382	45,226
(Increase) in accounts receivable	(7,954)	(1,711)
Increase(decrease) in accounts payable	<u>1,108</u>	<u>(246)</u>
	<u>46,536</u>	<u>43,269</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 159,040</u>	<u>\$ 183,054</u>

See the accompanying notes to the financial statements.

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE A - DESCRIPTION OF ORGANIZATION

Cocke County Emergency Communications District (the District) was created by a countywide referendum on November 8, 1988. The Cocke County Board of Commissioners appointed the District's initial Board of Directors on February 21, 1989 pursuant to Chapter 867 of the Public Acts of 1984. The District is responsible for the installation and maintenance of the emergency communications network of Cocke County, Tennessee (Enhanced 911 Service). The communications system became fully operational on November 15, 1992.

The District is considered a component unit of Cocke County, Tennessee because the Cocke County Board of Commissioners appoints a majority of the District's Board of Directors and must approve any debt issued by the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The District uses the accrual basis of accounting. Revenues are recognized when earned and measurable, and expenses are recognized when the liability is incurred. The District follows all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989. The District has not elected to follow FASB pronouncements issued after November 30, 1989.

GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset groups:

Invested in capital assets: This category includes capital assets, net of accumulated depreciation. Invested in capital assets at June 30, 2008 has been calculated as follows:

	<u>2008</u>	<u>2007</u>
Capital assets	\$ 669,196	\$ 654,539
Accumulated depreciation	<u>(264,397)</u>	<u>(211,015)</u>
	<u>\$ 404,799</u>	<u>\$ 443,524</u>

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008 and 2007

Restricted: Net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time. The District had no restricted net assets as of June 30, 2008 and 2007.

Unrestricted: Net assets that are not subject to externally imposed stipulations and that do not meet the definition of "restricted" or "invested in capital assets". Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Accounts Receivable

Accounts receivable which are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2008 and 2007, no allowance for uncollectible accounts was considered necessary.

Capital Assets

Capital assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives, which range from five to thirty years.

Operating Budget

The District is required by state law to adopt an annual operating budget. The budget is prepared on the cash basis of accounting. Under that basis, revenue is recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. Property and equipment purchases are recognized as expenses and no depreciation expense is recognized. All appropriations lapse at the end of the year.

Compensated Absences

The District's full-time employees are granted vacation leave in varying amounts and may accumulate a maximum of 25 days. In the event of termination, the employee is paid for any unused vacation leave.

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008 and 2007

NOTE C - CAPITAL ASSETS

	<u>Balance</u> <u>7/1/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/08</u>
<u>Capital assets being depreciated</u>				
Communications equipment	\$ 537,535	\$ 0	\$ 0	\$ 537,535
Office equipment	44,391	6,427	0	50,818
Vehicle	21,970	0	0	21,970
Leasehold improvements	<u>50,643</u>	<u>8,230</u>	<u>0</u>	<u>58,873</u>
	654,539	14,657	0	669,196
 <u>Accumulated depreciation</u>				
Communications equipment	(162,611)	(41,531)	0	(204,142)
Office equipment	(20,785)	(4,140)	0	(24,925)
Vehicle	(12,084)	(4,394)	0	(16,478)
Leasehold improvements	<u>(15,536)</u>	<u>(3,318)</u>	<u>0</u>	<u>(18,853)</u>
	<u>(211,015)</u>	<u>(53,382)</u>	<u>0</u>	<u>(264,397)</u>
	<u>\$ 443,524</u>	<u>\$ (38,725)</u>	<u>\$ 0</u>	<u>\$ 404,799</u>
	<u>Balance</u> <u>7/1/06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/07</u>
<u>Capital assets being depreciated</u>				
Communications equipment	\$ 406,131	\$ 131,404	\$ 0	\$ 537,535
Office equipment	44,391	0	0	44,391
Vehicle	21,970	0	0	21,970
Leasehold improvements	<u>50,643</u>	<u>0</u>	<u>0</u>	<u>50,643</u>
	523,134	131,404	0	654,539
 <u>Accumulated depreciation</u>				
Communications equipment	(128,751)	(33,860)	0	(162,611)
Office equipment	(16,826)	(3,960)	0	(20,785)
Vehicle	(7,690)	(4,394)	0	(12,084)
Leasehold improvements	<u>(12,523)</u>	<u>(3,013)</u>	<u>0</u>	<u>(15,536)</u>
	<u>(165,788)</u>	<u>(45,226)</u>	<u>0</u>	<u>(211,015)</u>
	<u>\$ 357,346</u>	<u>\$ 86,178</u>	<u>\$ 0</u>	<u>\$ 443,524</u>

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008 and 2007

NOTE D - LEASE OBLIGATIONS

The District leases its facilities from the City of Newport, Tennessee under an operating lease expiring in January 2015. The terms of the lease provide for lease payments of \$1.00 per year.

NOTE E - CASH

Cash is stated at cost, which approximates market value. These balances were entirely insured through the Federal Deposit Insurance Corporation, the State of Tennessee Bank Collateral Pool or collateralized with securities held by the government's agent in the government's name. The District considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the District to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the state treasurer's investment pool.

The pool contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool. Although the District may participate in the state investment pool, it elects not to. District policy dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the state collateral pool or be deposited in an escrow account in another institution for the benefit of the District and must be a minimum of 105% of the value of the deposits placed in the institution less the amount protected by federal deposit insurance.

The state collateral pool is administered by the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional agreement, public fund accounts covered by the pool are considered to be classified as category one insured credit risk in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*.

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008 and 2007

NOTE F - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

OTHER SUPPLEMENTARY INFORMATION

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

Year Ended June 30, 2008

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Cash basis)</u>	<u>Variance</u> <u>Over (Under)</u>
REVENUE			
Emergency telephone service charges	\$ 261,936	\$ 255,000	\$ 6,936
TECB-shared wireless charge	76,802	100,000	(23,198)
TECB-operational funding program	<u>104,081</u>	<u>0</u>	<u>104,081</u>
	442,818	355,000	87,818
EXPENSES			
Salaries and wages:			
Director	34,037	34,037	0
Administrative personnel	24,721	24,732	(11)
Overtime	7,872	8,000	(128)
Part-time personnel	59,138	64,000	(4,862)
Training	<u>7,297</u>	<u>2,500</u>	<u>4,797</u>
	133,065	133,269	(204)
Employee benefits:			
Social security	8,249	10,500	(2,251)
Medicare	1,929	3,000	(1,071)
Medical insurance	23,881	29,146	(5,265)
Dental insurance	2,227	0	2,227
Unemployment tax	<u>1,109</u>	<u>2,500</u>	<u>(1,391)</u>
	37,395	45,146	(7,751)
Contracted services:			
Addressing/mapping	773	3,000	(2,227)
Advertising	157	800	(643)
Audit services	3,250	3,250	0
Contracts with private agencies	1,890	2,000	(110)
Maintenance agreements	5,982	16,771	(10,789)
Janitorial	2,550	2,600	(50)
Pest control	705	1,660	(955)
NCIC/TBI/TIES	<u>6,920</u>	<u>6,920</u>	<u>0</u>
	22,228	37,001	(14,773)

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2008

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Cash basis)</u>	<u>Variance</u> <u>Over (Under)</u>
Lease/Rental:			
Office equipment	1,104	1,104	0
Maintenance and repairs:			
Communications equipment	6,251	9,886	(3,635)
Buildings and facilities	1,965	8,000	(6,035)
Office equipment	0	500	(500)
Vehicles	<u>657</u>	<u>1,000</u>	<u>(343)</u>
	8,873	19,386	(10,513)
Supplies and materials:			
Office supplies	2,655	2,729	(74)
Custodial supplies	1,084	1,200	(116)
Data processing supplies	3,555	3,700	(145)
Postage	258	500	(242)
Small equipment purchases	1,794	7,800	(6,006)
Other	<u>2,562</u>	<u>4,000</u>	<u>(1,438)</u>
	11,908	19,929	(8,021)
Utilities:			
Electric	5,680	5,680	0
Gas	598	670	(72)
Water	257	650	(393)
General telephone	35,133	37,000	(1,867)
Cell phones and pagers	<u>585</u>	<u>600</u>	<u>(15)</u>
	42,252	44,600	(2,348)

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2008

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Cash basis)</u>	<u>Variance</u> <u>Over (Under)</u>
Other charges:			
Board meeting expense	135	200	(65)
Dues and memberships	538	600	(62)
Insurance	9,094	10,745	(1,651)
Public education	2,972	5,000	(2,028)
Service awards	0	500	(500)
Training	2,807	7,000	(4,193)
Travel	4,561	13,000	(8,439)
	<u>20,107</u>	<u>37,045</u>	<u>(16,938)</u>
Depreciation	<u>53,382</u>	<u>0</u>	<u>53,382</u>
	<u>330,314</u>	<u>337,480</u>	<u>(7,166)</u>
INCOME FROM OPERATIONS	112,504	17,520	94,984
NON-OPERATING REVENUE			
Contributions from other governments	49,707	40,678	9,029
TECB-grants and reimbursements	14,877	0	14,877
Interest income	16,454	10,000	6,454
	<u>81,038</u>	<u>50,678</u>	<u>30,360</u>
CHANGE IN NET ASSETS	<u><u>\$ 193,542</u></u>	<u><u>\$ 68,198</u></u>	<u><u>\$ 125,344</u></u>

See the accompanying independent accountants' audit report.

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2008

<u>Grant Number</u>	<u>Grant Purpose</u>	<u>Federal Grantor/ Pass-Through Grantor</u>
Z04020028	Rural Dispatcher Grant	Tennessee Department of Commerce and Insurance

See the accompanying independent accountants' audit report.

<u>Receivable</u> <u>July 1, 2007</u>	<u>Receipts</u>	<u>Expenses</u>	<u>Receivable</u> <u>June 30, 2008</u>
\$ 0	\$ 14,877	\$ 14,877	\$ 0

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

PUBLIC SAFETY ANSWERING POINTS

June 30, 2008

There are two public safety answering points (PSAP) utilized by the Cocke County Emergency Communications District (the District).

Both of the PSAPs are located at the District's offices at 145 Mineral Street, Newport, TN 37821.

The District uses the following system and/or equipment:

Two Orbicom Model TDM-150 as PSAPs

Positron display units

MSAccess as its database program for maintaining the county's addresses.

See the accompanying independent accountants' audit report.

COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

ROSTER OF OFFICIALS

June 30, 2008

Director

Kathy Cody
145 Mineral Street
Newport, TN 37821
Telephone number-423-623-5978
Telefax number-423-623-4071

Chairman of the Board of Directors

J. Maurice Shults
145 Mineral Street
Newport, TN 37821
Telephone number-423-623-5978
Telefax number-423-623-4071

Members of the Board of Directors

Terry Finchum
Connie Ball
Jimmy Hensley
Newell Byrd
Claude Strange
David Whaley
Gay Webb
Patti Ketterman

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Cocke County Emergency Communications District
Newport, Tennessee

We have audited the financial statements of Cocke County Emergency Communications District, a component unit of Cocke County, Tennessee, as of and for the years ended June 30, 2008 and 2007 and have issued our report thereon dated February 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cocke County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cocke County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cocke County Emergency Communications District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cocke County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted another matter that we have reported to the management of Cocke County Emergency Communications District in a separate letter dated February 18, 2009.

This report is intended solely for the information and use of management and government regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Mitchell Emert & Hill

February 18, 2009